

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SSM-03 SP-02 USIA-06 AID-05 EB-08  
NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01  
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
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R 181300Z FEB 77  
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TO SECSTATE WASHDC 1910  
INFO AMEMBASSY ABU DHABI  
AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT

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E.O. 11652: N/A  
TAGS: EGEN EFIN  
SUBJECT: MINISTERIAL ECONOMIC GROUP CONTINUES ACTIVITY

REF: KUWAIT 947 (NOTAL)

1. PRESS ACCOUNTS IN RECENT DAYS OF ACTIVITIES OF ECONOMIC GROUP WITHIN CABINET (HEADED BY DEPPRIMIN KAISOUNI) INDICATE FORWARD MOVEMENT ON CONSIDERATION OF PROBLEM AREAS CONTINUES AND SUGGEST THAT WEEK OF FEBRUARY 20 WILL BE BUSY ONE FOR GOE PLANNERS. LATEST REPORTS ARE THAT REVISED 1977 BUDGET WILL BE INTRODUCED TO PEOPLES ASSEMBLY DURING THAT TIME FRAME, AFTER HAVING DELAYED BEYOND EARLIER REPORTED SUBMISSION DATES. IMF'S GUNTER RETURNS TO TOWN 22ND, AND ARAB MINFINS WILL ARRIVE FOR MEETING UNDER AUSPICES OF ARAB LEAGUE.

2. MOST IMMEDIATE QUESTION FACING GOE PERHAPS IS FORMULATION OF FY (AND CY) 1977 BUDGET. KAISOUNI REPORTEDLY MET FEBRUARY 17 WITH GOE MINS ECON, FINANCE, AND PLANNING TO DISCUSS  
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FINAL REVISED DRAFT, WHICH IS NOW DUE TO BECOME EFFECTIVE MARCH 1 (ASSUMING PASSAGE BY PA), IN LIGHT OF COMMENTS KAISOUNI RECEIVED DURING SESSION SAME DAY WITH ASSEMBLY SPEAKER MAREI AND PA BUDGET COMMITTEE CHAIRMAN ABU ISMAIL. BUDGET WAS OVERDUE EVEN WHEN PRESENTED MID-JANUARY IN FORM THAT LED TO RIOTING, AND MINISTRIES, WE HEAR, ARE IN FISCAL BIND IN ABSENCE OF GUIDELINES AND FUNDING AUTHORITY.

3. ECONOMIC GROUP ALSO IS REPORTED VARIOUSLY TO HAVE HELD DISCUSSIONS ON REVISIONS OF TAX CODE AND FIVE YEAR PLAN. KAISOUNI TOOK OCCASION IN CONNECTION WITH LATTER TO EMPHASIZE HEIGHTENED ROLE OF PRIVATE SECTOR IN DEVELOPMENT (WHILE NOTING PUBLIC SECTOR WOULD BE CONSOLIDATED), ESPECIALLY THROUGH ADDED INVESTMENT INCENTIVES. IN THIS REGARD, PA ECONOMIC COMMITTEE, EVIDENTLY FOLLOWING SERIES OF DISCUSSIONS WITH ECONOMIC MINISTERS, ISSUED REPORT FEBRUARY 17 TO EFFECT THAT NUMBER OF OBSTACLES IN INVESTMENT LEGISLATION AND ITS IMPLEMENTATION MUST BE REMOVED TO ACHIEVE POLICY AIMS IN FIELD OF ECONOMIC REFORM.

4. OF AT LEAST EQUAL IMPORTANCE, IF SLIGHTLY LESS PRESSING THAN PUTTING TOGETHER BUDGET FOR CURRENT YEAR, ARE FORTHCOMING TALKS WITH IMF AND ARAB MINFINS. PRESS NOTES THAT GUNTER WILL MEET WITH KAISOUNI, MINFIN HAMED, MINECON EL SAYEH AND MINPLANNING AL IMAM UPON ARRIVAL IN CAIRO AND THAT HE, GUNTER, IS EXPECTED TO SIGN (SIC) LETTER OF INTENT UNDER WHICH IFM WILL SET COURSE FOR REFORM OF ECONOMY. KAISOUNI IS SCHEDULED TO MEET WITH ARAB FINANCE MINISTERS DURING COMING WEEK, REPORTEDLY TO CONSIDER UTILIZATION OF GODE FUNDS IN MEETING NEEDS OF ECONOMY IN REFORM CONTEXT AND TO "EXPEDITE" CHASE-SYNDICATED \$250 MILLION LOAN UNDER GODE GUARANTEES.

5. WE UNDERSTAND NUMBER OF ARAB FINANCIAL FIGURES WILL BE IN CAIRO NEXT FEW DAYS. SAUDI MINFIN ABA AL KHAYL REPORTEDLY ARRIVED FEBRUARY 18 AND HIS KUWAITI COUNTERPART ATEEQI ARRIVED ONE DAY EARLIER, FOR ARAB MONETARY FUND-RELATED MEETING LIMITED OFFICIAL USE

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AT LEAGUE HEADQUARTERS. ARAB ECONOMIC AND OSCIAL DEVELOPMENT FUND OFFICIALS ARE DUE, AS WELL, FOR TALKS ON PROJECT ASSISTANCE BEGINNING FEBRUARY 25. DEPPRIMIN KAISOUNI AND COLLEAGUES APPARENTLY WILL BE INVOLVED NONSTOP IN FINANCING DISXUSSION THROUGH NEXT WEEK.

6. COMMENT. IMPORT OF ALL THIS ACTIVITY SEEMS CLEAREST IN TERMS OF APPARENT ARAB RESPONSIVENESS TO DIFFICULTIES EGYPT FINDS ITSELF IN FOLLOWING ABORTIVE JANUARY ATTEMPT AT BUDGETARY REFORM. THE SEVERAL PARTS OF ECONOMIC PROBLEM--BUDGET, TAXES, INVESTMENT, PROJECT FUNDING--ARE INTERRELATED, BUT OVERRIDING SHORT-TERM NEED, AS USUAL, IS FOR CASH ASSISTANCE. GOE UNDOUBTEDLY WILL BE BENDING EVERY EFFORT TO CONVINCE AL KHAYL, ATEEQI ET AL, TO EXTENT THIS IS NECESSARY NOW, THAT REQUIREMENT IS REAL, IMMEDIATE AND OF VERY LARGE MAGNITUDE.  
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## Message Attributes

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**Disposition Date:** 22 May 2009  
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